

COMMITTEE ON LEGISLATIVE RESEARCH  
 OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4047-03  
Bill No.: HB 1939  
Subject: Health Care; Health Care Professionals; Medicaid; Nursing and Boarding Homes  
Type: Original  
Date: March 12, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General	(\$1,015,641)	(\$1,230,918)	(\$1,243,265)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$1,015,641)</b>	<b>(\$1,230,918)</b>	<b>(\$1,243,265)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Revenues and Expenditures of approximately \$1,900,000 would net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

**FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Health and Senior Services** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Mental Health (DMH)** assume the nursing home certificate of need process has no impact on the functions/activities of the DMH, therefore, assume no fiscal impact.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state this proposal would allow four nursing facilities to participate and receive Medicaid that were not allowed to participate in the Medicaid program under previous statutes. DMS assumes the wording "may receive" would mean federal matching funds be available for any Medicaid payment. The DMS assumes all requirements necessary to receive federal funds would be met and the DMS would receive such matching funding.

DMS used the latest occupancy of each facility. Since there is a delay of one year of nursing home residency as a private pay, not all residents would be in the facility one year after admission. The latest study found on length of stay, approximately 40% of residents stay less than one year. The state average for Medicaid share of patient days has been decreased by 40% to account for the one year delay. The rate that would be paid for the first two years of operations would be an interim rate that currently is \$95.74.

The following calculation was made for each facility (facility's licensed beds x facility's occupancy x 365 days = patient days x Medicaid Interim Rate).

Facility #1	210 x 54.6% x 365	= 41,851 x \$95.74	= \$4,006,815
Facility #2	60 x 97.4% x 365	= 21,331 x \$95.74	= \$2,042,230
Facility #3	30 x 96.8% x 365	= 10,600 x \$95.74	= \$1,014,844
Facility #4	60 x 71.4% x 365	= 15,637 x \$95.74	= <u>\$1,497,086</u>
	Total		\$8,560,975

FY 03 - \$8,560,975 x 10/12 x 36.72% (Medicaid occupancy) = \$2,619,658

FY 04 - \$8,560,975 x 37.086% (Medicaid occupancy) = \$3,174,923

FY 05 - \$8,560,975 x 37.458% (Medicaid occupancy) = \$3,206,770

### FISCAL IMPACT - State Government

FY 2003  
(10 Mo.)

FY 2004

FY 2005

### **GENERAL REVENUE**

CM:LR:OD (12/01)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Increased nursing facility costs	<u>(\$1,015,641)</u>	<u>(\$1,230,918)</u>	<u>(\$1,243,265)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$1,015,641)</u></b>	<b><u>(\$1,230,918)</u></b>	<b><u>(\$1,243,265)</u></b>
<b>FEDERAL</b>			
<u>Income - Department of Social Services - Division of Medical Services</u>			
Medicaid reimbursements	\$1,604,017	\$1,944,005	\$1,963,505
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Increased nursing facility costs	<u>(\$1,604,017)</u>	<u>(\$1,944,005)</u>	<u>(\$1,963,505)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal allows facilities to receive Medicaid reimbursement for private-pay residents who

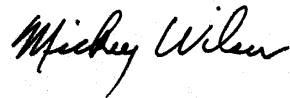
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are in the facility for more than one year before becoming eligible for Medicaid without going through the certificate of need process.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services  
Department of Mental Health  
Department of Health and Senior Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director  
March 12, 2002